**MFS Heritage Planning®**
Helping Yourself. Helping Your Parents. Helping Your Children.®

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**RETIREMENT**

### To complete this questionnaire you will need

- a calculator
- last year's W-2 forms
- most recent retirement plan statements for any 401(k), IRA, SEP, SARSEP, 403(b) or 457 retirement plans
- most recent pension benefit statement.

This material should be used as helpful hints only. Each person's situation is different. You should consult your investment professional or other relevant professional before making any decisions.

# RETIREMENT PLANNING WORKSHEET

This worksheet may help you determine if your current retirement savings effort is on course or if you need to chart a new direction to help reach the retirement destination that you desire.

**What is your current annual household income before taxes?**

Box A

**What yearly household income do you estimate you will need in retirement?**

Box B

An income equaling 60% to 80% of your preretirement earnings is the general guideline. But if you expect high expenses, as you might incur with frequent travel during the early years of retirement, you may need to use a higher percentage.

**What will your future retirement income have to be, adjusted for inflation?**

Box C

Refer to Table 1, "Inflation factors," which assumes a 4% annual inflation rate and a retirement age of 65. Find the number of years you have until retirement, then multiply the corresponding number — your inflation factor — by the amount you entered in Box B. Enter the result in Box C.

**Table 1 - Inflation factors**

| Years until retirement | Inflation factor |
|---|---|
| 5 | 1.22 |
| 10 | 1.48 |
| 15 | 1.80 |
| 20 | 2.19 |
| 25 | 2.67 |
| 30 | 3.24 |
| 35 | 3.95 |
| 40 | 4.80 |

### Key points

If you are planning for a financially secure retirement, you need to take the time to work toward it, so set up a schedule. The sooner you do this, the better off you may be.

Retirement investing changes as the years go by, so take the time to stay current with what's new, what's hot and what works best for you.

Remember, one of the best places to turn for help developing a retirement savings plan is your financial advisor.



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### How much have you saved for retirement?

Box D

Add the current value of any investments you have in the following types of retirement plans: 401(k)s, 403(b)s, Individual Retirement Accounts (IRAs), Simplified Employee Pension IRAs (SEP IRAs), profit sharing and other employer-sponsored defined contribution retirement plans. Be sure to include any other assets you have invested for retirement. Enter the sum — the total current value of your retirement savings — in Box D.

### How much could your retirement savings grow before you retire?

Box E

Refer to Table 2, "Earnings factors." Start with the number of years you have until retirement. Then, read across the row and find the earnings factor beneath the rate of return you expect to earn on your investments. Multiply your earnings factor by the dollar amount you entered in Box D. Enter the result in Box E.

#### Table 2 - Earnings factors

| Years until | Assumed rate of return | | | |
|---|---|---|---|---|
| retirement | 4% | 6% | 8% | 10% |
| 5 | 1.22 | 1.34 | 1.47 | 1.61 |
| 10 | 1.48 | 1.79 | 2.16 | 2.59 |
| 15 | 1.80 | 2.40 | 3.17 | 4.18 |
| 20 | 2.19 | 3.21 | 4.66 | 6.73 |
| 25 | 2.67 | 4.29 | 6.85 | 10.83 |
| 30 | 3.24 | 5.74 | 10.06 | 17.45 |
| 35 | 3.95 | 7.69 | 14.79 | 28.10 |
| 40 | 4.80 | 10.29 | 21.72 | 45.26 |

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you will gain or lose money.

### How much will you be able to withdraw from your savings each year in retirement, given what you already have saved?

Box F

Refer to Table 3, "Withdrawal factors." Divide the dollar amount you entered in Box E by the withdrawal factor that appears in Table 3 across from the rate of return you expect to earn on your nest egg while in retirement. Enter the result in Box F. Circle your withdrawal factor, because you may use it again later. The withdrawal factors are based on the assumption that you will make your withdrawals at the start of each year; your withdrawals will increase each year by 4% to help you keep pace with an assumed annual inflation rate of 4%; and your withdrawals will continue for 25 years.

Taxes will affect the amount you withdraw from retirement savings.

#### Table 3 - Withdrawal factors

| Assumed rate of return | Withdrawal factor |
|---|---|
| 4% | 25.00 |
| 6% | 20.08 |
| 8% | 16.49 |
| 10% | 13.82 |

### What might your annual Social Security benefits be?

Box G

Refer to Table 4, "Social Security benefits." Find the year closest to the year you expect to qualify for full Social Security benefits. Enter the corresponding benefit amount in Box G. The amounts cited in the table are for those whose preretirement earnings qualify them for the maximum benefit. The table also assumes the standard retirement age of 65. Beginning with people born in 1938 or later, the age at which retirees can begin collecting full Social Security benefits gradually increases until it reaches 67 for people born after 1959. To receive a Social Security benefit estimate based on your earnings history, contact the Social Security Administration at 1-800-772-1213 or refer to the annual statement you should be receiving by mail.

#### Table 4 - Social Security benefits

| Year you plan to begin collecting full benefits | Age you must attain to qualify for annual benefit | Maximum individual annual benefits |
|---|---|---|
| 2015 | 66 | $37,537 |
| 2020 | 66 yrs., 2 mos. | $47,028 |
| 2025 | 67 | $60,331 |
| 2030 | 67 | $74,833 |
| 2035 | 67 | $92,790 |

Source: Social Security Administration.

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### What will your annual pension benefit be?

Box H

If you have a traditional, defined benefit pension, enter in Box H the annual benefit you expect to receive during retirement. Your employer's benefits specialist may be able to provide you with an estimate.

### What will your total annual income in retirement likely be?

Box I

Add the amounts in Boxes F, G and H. Enter the sum in Box I.

### Is your retirement plan on course?

Box J

If the dollar amount you entered in Box I is greater than the amount in Box C, then congratulations. Your retirement savings plan appears to be on course. If the dollar amount you entered in Box I is less than the amount in Box C, then you may not yet have built a sufficient nest egg. To determine how much you will need to save to get your retirement savings on course, continue with this worksheet. Subtract the amount you have in Box I from the amount you entered in Box C. Enter the result in Box J.

### How much more do you need to save before you retire?

Box K

Multiply the dollar amount you entered in Box J by the withdrawal factor you circled in Table 3. Enter the result in Box K.

### How much more should you put aside each year?

Box L

Refer to Table 5, "Savings factors." Find the number closest to the number of years you have left until retirement, then read across the row and find the savings factor beneath the rate of return you expect to earn on your investments. Circle your savings factor, then divide the dollar amount you entered in Box K by your savings factor. Enter the result in Box L.

**Resource:** Social Security Administration
www.ssa.gov

### Table 5 - Savings factors

| Years until | Assumed rate of return | | | |
|---|---|---|---|---|
| retirement | 4% | 6% | 8% | 10% |
| 5 | 5.63 | 5.98 | 6.34 | 6.72 |
| 10 | 12.49 | 13.97 | 15.65 | 17.53 |
| 15 | 20.82 | 24.67 | 29.32 | 34.95 |
| 20 | 30.97 | 38.99 | 49.42 | 63.00 |
| 25 | 43.31 | 58.16 | 78.75 | 108.18 |
| 30 | 58.33 | 83.80 | 122.35 | 180.94 |
| 35 | 76.60 | 118.12 | 186.10 | 298.13 |
| 40 | 98.83 | 164.05 | 279.78 | 486.65 |

### Will what I save really be enough?

This worksheet can help you assess the general effectiveness of your current savings plan. But it does make a number of assumptions about future factors that cannot be predicted, such as the rate of inflation, investment earnings or losses and future Social Security provisions. One assumption is that you will spend your nest egg down to zero over the course of 25 years. If you would like to leave part of your savings to your children, if you plan to retire early or if longevity runs in your family, you may want to save even more. By accumulating a bigger nest egg, you may not have to worry about running out of money in retirement. Also, if you doubt whether Social Security benefits will be available to you, calculate the worksheet without including Social Security benefits.

Those who discover they need to save more may wonder, "Where's the money supposed to come from?" One option to consider is investing at least a portion of any bonuses or annual raises. Because that money is not part of the budget you are used to living on, you may not miss it as much when you commit it to your retirement savings program.

Finally, remember that one of the best places to turn for help developing a retirement savings goal is your financial advisor. He or she can help you calculate an annual savings target that is based on your individual circumstances and goals.

The returns provided in the tables are all hypothetical results, which are provided for illustrative purposes only and are not intended to represent the future performance of any MFS® products. Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you will gain or lose money. Rates of return will vary over time, particularly for long term investments. There is no guarantee the selected rate of return can be achieved.

**Contact your financial advisor for more information or visit mfs.com.**